



State of Wisconsin
Accumulated Sick Leave Credit Conversion Program (ASLCC)
Supplemental Health Insurance Conversion
Credit Program (SHICC)
FACT SHEET
2002

PROGRAM REVIEW

- Created by Wis. Stat. § 40.05 (4) (b).
- The ASLCC Program was first authorized in 1972; the SHICC Program was first authorized in 1995.
- Department of Employee Trust Funds and the Employee Trust Funds Board have statutory authority for program administration and oversight (Wis. Stat. § 40.05 (4) (b) and § 40.95).
- The Department of Employment Relations authorizes the continuation of the SHICC Program through the collective bargaining agreements and the pay plans.

PROGRAM FEATURES

Sick Leave Accumulation

For most State of Wisconsin employees, sick leave accrues at the rate of five hours every two weeks to a maximum of 16.25 days a year. Unused sick leave hours accumulate from year to year and are converted at retirement to pay health insurance premiums.

Who is Eligible for Conversion of Accrued Sick Leave?

- Insured state employees who. . .
 - ◀ retire on an immediate retirement or disability annuity
 - ◀ retire and receive a lump sum benefit
 - ◀ are minimum retirement age and terminate employment with 20 years of Wisconsin Retirement System (WRS) creditable service but defers application for the retirement benefit
- State constitutional officers, members or officers of the Legislature, State agency heads appointed by the Governor with Senate confirmation and heads of legislative service agencies and certain State administrative officials terminating before their retirement age retain eligibility for benefits upon retirement providing they do not elect a WRS separation benefit.
- Surviving insured spouse and dependents are eligible to use sick leave credits to pay health insurance premiums upon the death of the employee or retiree.
- Employees on layoff status may use sick leave credits to pay health insurance premiums for a maximum of five years from the date of layoff.

Who is Eligible for SHICC?

A State employee must meet the requirements to participate in the ASLCC program and have at least 15 years of adjusted continuous state service.

Converting Sick Leave Credits

ASLCC

- The conversion credit amount is computed at the time of layoff, retirement or death by multiplying the number of hours of unused sick leave by the current basic hourly pay rate. The conversion credit is then used to cover the full cost of health insurance premiums for the employee and eligible dependents until it is exhausted, or for up to five years for employees on layoff.

SHICC

- A state employee may choose to convert the supplemental credits at the employee's current base hourly rate of pay or at the average of the employee's base hourly rate of pay during the three highest earnings years.
- The supplemental benefit provides for matching sick leave credits for participants retiring with 15 or more years of adjusted continuous state service.

Protective occupation employees: Match up to 78 hours (9.75 days) per full year of service through 24 years, plus 104 hours per full year of service over 24 years.

Other employees: Match up to 52 hours (6.5 days) per full year of service through 24 years, plus 104 hours per full year of service over 24 years.

The program includes a provision for the restoration of 500 hours of sick leave credits upon retirement provided at least 500 hours of sick leave was used for a single injury or illness during the three years preceding the retirement effective date.

ASLCC and SHICC

Unused conversion credits continue to pay for health insurance premiums (without interest over time) until the monthly insurance premium equals or exceeds the conversion credit balance. When this happens, future premiums are paid by the retiree or surviving dependent.

The sick leave account balance may be escrowed after retirement for participants who provide evidence of comparable health insurance coverage from another source.

This sick leave credit conversion account has no cash value.

Funding for ASLCC and SHICC

Both sick leave conversion programs are pre-funded based on a percentage of payroll as recommended by the Employee Trust Funds Board Actuary. In 2001 a total of 2.8% of payroll was collected to fund the programs. The funding formula is reviewed annually and is designed to generate sufficient income to support benefits through a level of contribution funding method.

2001 ASLCC and SHICC Statistics	
Active State Employees Earning Sick Leave	64,510*
Accrued Unused Sick Days	5,075,704 days
Averages for Active Employees:	
Age	44.5
Years of Service	11.8
Sick Leave Days	80.9 days
Retires and Beneficiaries	8,868
Total Premiums Paid from Sick Leave Accounts	\$50,355,878**
Program Assets	
ASLCC assets	\$611.7 million
SHICC assets	\$133.4 million
* Employees who do not have 15 or more years of adjusted continuous state service are <u>not</u> eligible to participate in the SHICC program.	
** 2001 estimated annual premium based on June 2001 data.	